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Japan

Stone Fruit Annual

Good Weather Boosts Japanese Cherry, Peach Production

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Report Highlights:

Favorable growing conditions in 2014/15 will drive increased production of Japanese cherries and peaches. However, as the graying Japanese population continues to shrink and per capita fruit consumption remains stagnant, prospects for future market growth appear limited.

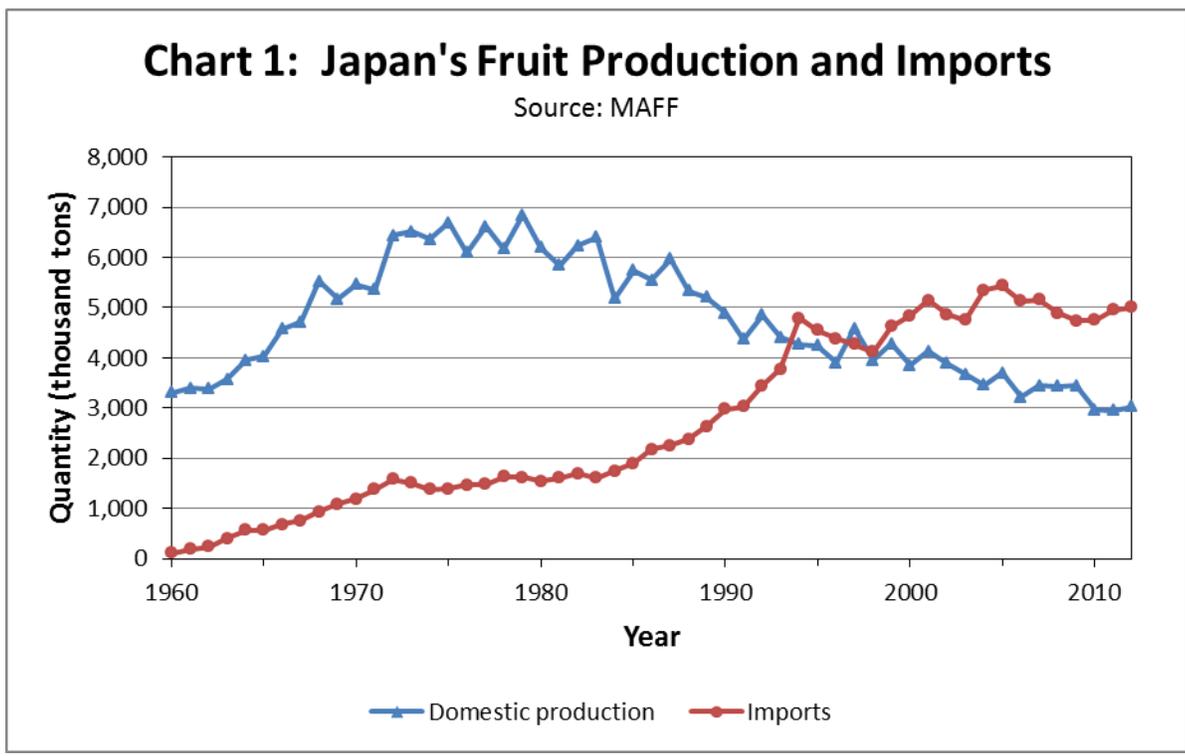
Commodities:

Fresh Cherries,(Sweet&Sour)

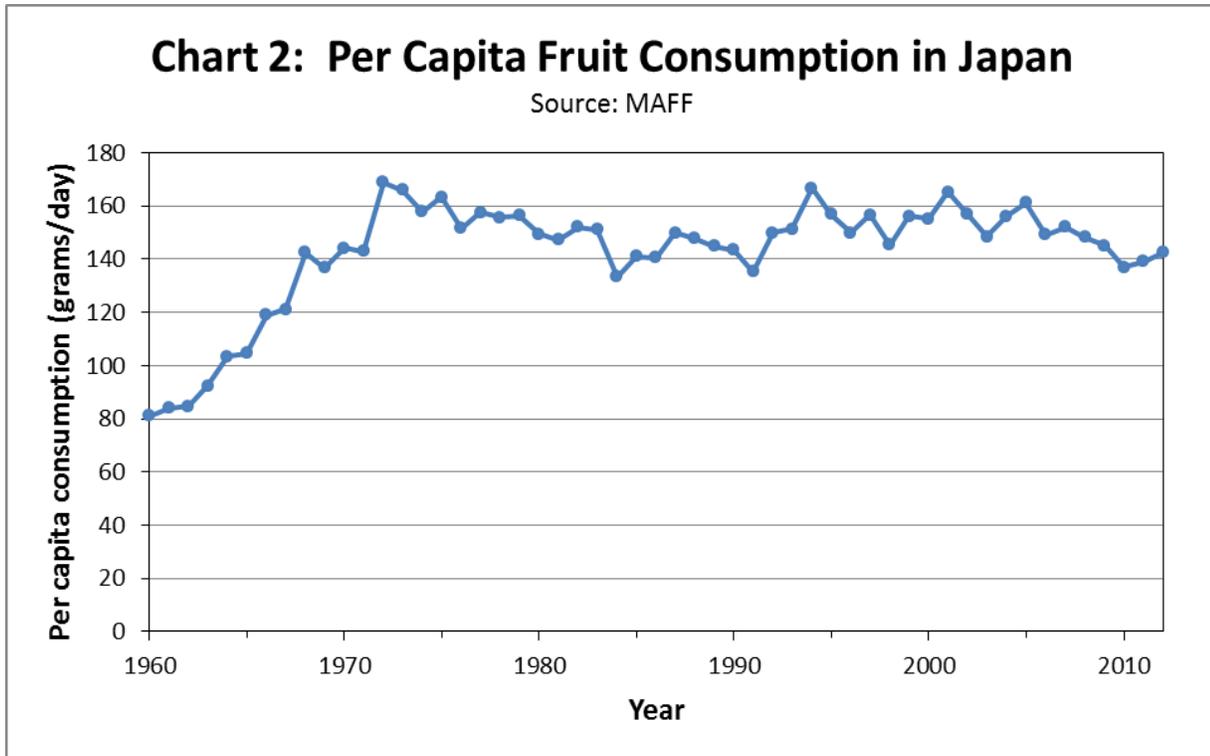
Fresh Peaches & Nectarines

Japanese Fruit Consumption

Japan's annual fruit production peaked in 1979 at 6.8 million metric tons. As fresh fruit exporters gained greater access to the Japanese market in the late 1980s and early 1990s, Japan's fruit imports grew dramatically. Since that time, Japanese production has continued to contract in the face of increased import competition and an aging, shrinking farm population. As domestic production recedes, Japan's economic struggles, changing dietary patterns, and (since 2005) shrinking population have limited further expansion of imports.



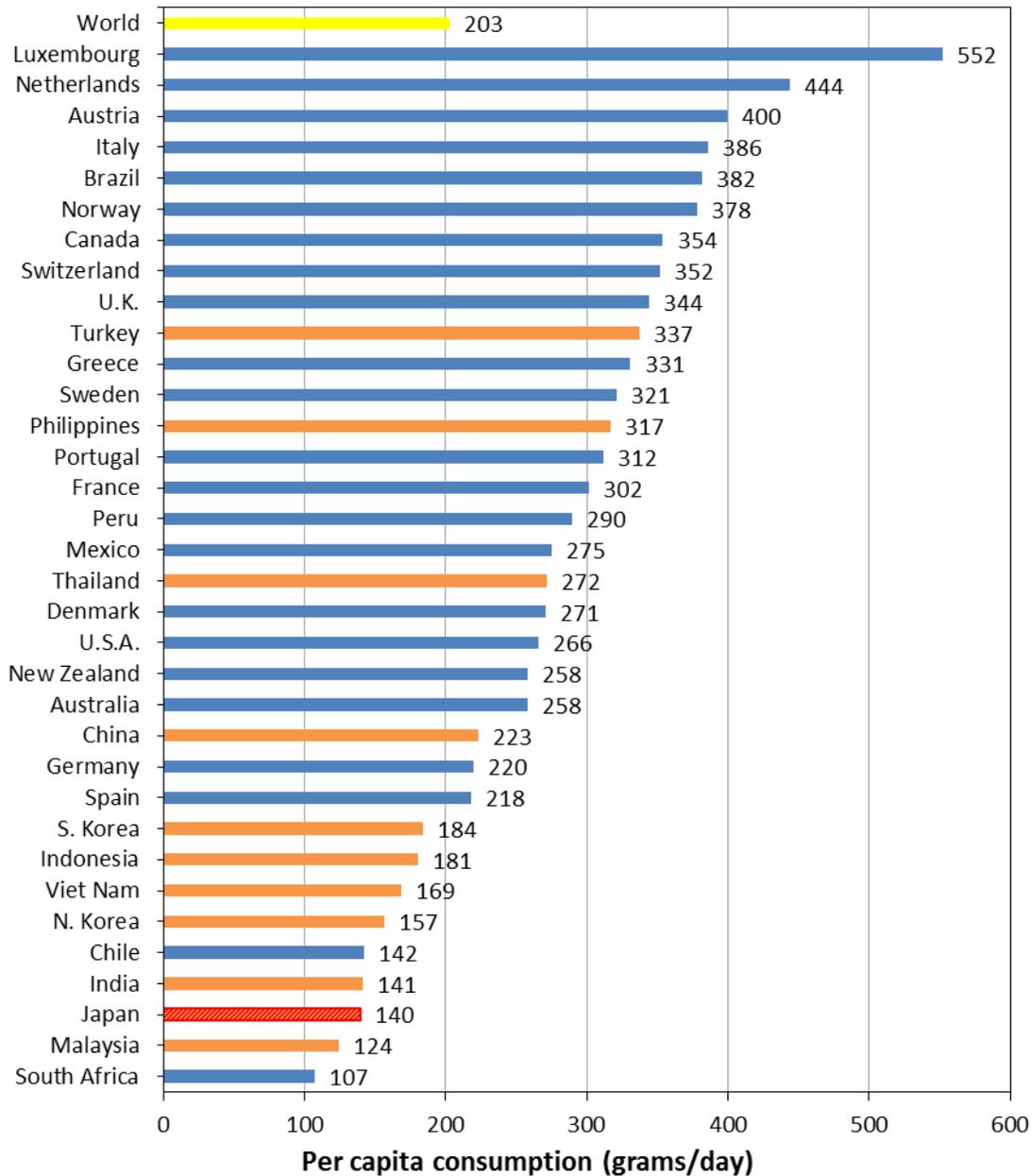
Japan's daily per capita consumption of fruit more than doubled from 81 grams in 1960 to 169 grams in 1972. However, as Chart 2 indicates, since its peak in 1972, consumption has been relatively stable at 140 to 160 grams per day.



Traditionally, fruit is not a staple in Japanese meals, as it is considered primarily a snack or a dessert item. Compared to other developed (and even developing) countries, Japan's per capita fruit consumption is among the lowest at 140 grams per day, almost half the level of consumption in the United States (Chart 3). To increase Japanese fruit consumption and to promote good health, the Japan Fruit Association encourages consumers to eat 200 grams of fruit per day, which is roughly equivalent to one apple or two peaches or 40 cherries.

Chart 3: Daily Fruit Consumption by Selected Countries*

Source: FAO FAOSTAT 2011



*Note: Asian countries are colored in orange.

Fresh Cherries

Production

Since 2007/08, Japan's total area of planted cherry trees has gradually declined due to the ongoing exit of farmers without successors. Post estimates that 2014/15 planted area will remain the same as the previous year at 4,840 hectares (ha) (Table 1).

In 2013/14, domestic production increased slightly to 18,100 metric tons (mt) due to good weather conditions. For the 2014/15 season, Post forecasts Japanese cherry production to increase further to 19,500 mt as favorable weather during the April blooming period supported active bee pollination and a successful fruit set. Yamagata prefecture, located 250 miles north of Tokyo, is Japan's largest cherry producing region and accounts for nearly 75 percent of the country's total production (Table 2). Due to excellent weather in 2014/15, Yamagata agricultural officials expect their prefecture's production to be 14,300 mt, a 10 percent increase over recent years' production levels.

Satonishiki and Benishuho are the two most popular cherry cultivars in Japan, accounting for 65 and 10 percent of total production, respectively. The Satonishiki harvest season begins in mid- to late June and is followed closely by the Benishuho season in early July. The Satonishiki is the most popular cultivar due to the fruit's light, bright red skin color, white-cream colored flesh, and balance of acidity and sweetness. However, sources in Yamagata prefecture anticipate that the Benishuho, which also has light, bright red skin color and yellow-cream color flesh, should slowly increase in popularity among farmers due to its firmer flesh, which guarantees a relatively longer shelf-life, as well as its flavor, which is less acidic and sweeter than the Satonishiki and other domestic cherry varieties.

Table 1: Japan's Cherry Production*

Year	Area Planted (ha)	Area Harvested (ha)	Production (mt)	Yield (mt/ha)	Price (yen/kg)
2004	4,660	4,180	16,400	3.92	1,908
2005	4,800	4,380	19,100	4.36	1,481
2006	4,910	4,490	20,800	4.63	1,481
2007	4,960	4,490	16,600	3.70	1,963
2008	4,950	4,490	17,000	3.79	1,841
2009	4,900	4,450	16,600	3.73	1,757
2010	4,880	4,470	19,700	4.41	1,350
2011	4,850	4,440	20,400	4.59	1,343
2012	4,840	4,440	17,800	4.01	1,753
2013	4,840	4,460	18,100	4.06	1,732

Source: MAFF

*Note: Price shown is average wholesale price between May and July. 2013 data is preliminary.

Table 2: Japan's Major Cherry Producing Prefectures (2013)

Prefecture	Area Harvested (ha)	Proportion (%)	Production (mt)	Proportion (%)
Total	4,460	100.0	18,100	100.0
Yamagata	2,910	65.2	13,500	74.6
Hokkaido	524	11.7	1,410	7.8
Other	1,026	23.0	3,190	17.6

Source: MAFF

Trade

Imports:

Japan has been a steady customer of U.S. cherries, which comprise 99 percent of Japanese cherry imports. U.S. cherries, which have an intense, dark red skin color (known in Japan as ‘American Cherries’) are mainly shipped from California and the Pacific Northwest. Imports from California start in late April, peak in late May, and last through mid-June. Imports from the Pacific Northwest start in early to mid-June and end in late August. Generally, it is easier for California to expand its export volume as its peak season does not compete with domestic fruit. Japanese fruit consumption and sales shift from winter and/or spring varieties (e.g., mandarin orange) to summer fruit (e.g., watermelon) between April and June. As a result, there is a break in the domestic fruit supply that is commonly filled by California cherries. However, Northwest cherries arrive in the middle of a competitive market when the domestic cherry harvest is beginning and other fruits (e.g., domestic peaches or kiwi fruit from New Zealand) enter the marketplace.

In 2013/14, cherry imports decreased by nearly 30 percent, due largely to a decline in shipments from the Pacific Northwest, where production was down as a result of heavy rainfall. For the 2014/15 season, industry sources anticipate that Japan’s imports of U.S. cherries will remain lower than previous years as bad weather during the growing season affected production in California, where a serious drought, a mild winter, and a larger than normal ‘June drop’, resulted in a low fruit set. For the Pacific Northwest, where yield, quality, and the fruit set all appear to have been good, industry sources project that import volumes will be up by 20 to 40 percent over recent years. However, Post does not expect that this increase will offset the reduced imports of California cherries, resulting in Post’s projection of lower overall imports of U.S. cherries for the second year in a row.

Table 3: Japan’s Fresh Cherry Imports by Country

Country/Year	Quantity (mt)				
	2009	2010	2011	2012	2013
World	10,013	11,009	10,351	10,471	7,377

United States	9,920	10,904	10,263	10,415	7,332
New Zealand	32	24	16	31	30
Australia	35	26	8	15	15
Chile	26	53	64	11	0
Canada	0	2	0	0	0

Source: Ministry of Finance

Table 4: Import Price of Fresh Cherries by Country

Country/Year	Unit value (U.S. Dollars/mt)				
	2009	2010	2011	2012	2013
World	7,676	8,269	9,988	9,131	9,394
Australia	17,197	16,746	23,179	17,158	16,308
New Zealand	12,753	15,231	14,823	17,473	14,998
United States	7,617	8,221	9,960	9,091	9,357
Chile	11,424	10,726	11,704	12,372	0
Canada	0	12,008	0	0	0

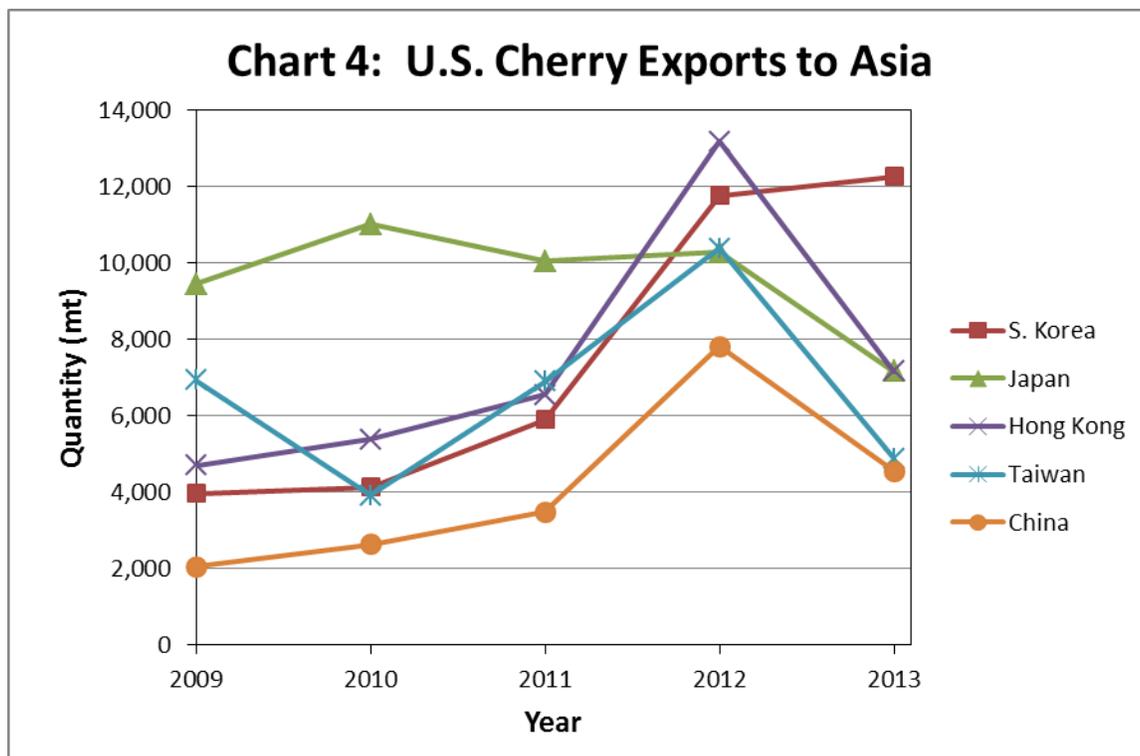
Source: Ministry of Finance

After Canada, Japan was the second largest overseas destination for U.S. cherries by far until the Korea-U.S. Free Trade Agreement reduced South Korea's 24 percent tariff to zero percent in 2012. Since then, Japan's import volume has fallen behind South Korea (Table 5 and Chart 4), with Korean buyers selecting larger-sized, premium cherries and Japanese major retailers continuing to focus on smaller sizes in order to keep prices down. U.S. cherry exporters continue to face an 8.5 percent duty in the Japanese market.

Table 5: Top U.S. Cherry Export Markets

Country/Year	Quantity (mt)				
	2009	2010	2011	2012	2013
World	64,662	58,711	71,389	100,316	66,502
Canada	28,878	24,413	29,305	35,607	23,817
S. Korea	3,953	4,131	5,887	11,756	12,261
Japan	9,449	11,017	10,038	10,271	7,163
Hong Kong	4,692	5,383	6,553	13,182	7,159
Taiwan	6,925	3,909	6,891	10,380	4,872
China	2,039	2,619	3,471	7,817	4,547
Australia	2,334	2,108	3,203	3,352	2,526
United Kingdom	2,343	1,525	1,703	2,941	1,031
Mexico	836	569	610	1,097	799
Others	3,217	3,038	3,729	3,911	2,327

Source: Global Trade Atlas



Source: Global Trade Atlas

Exports:

Japan's exports of fresh cherries are nil. Although domestic producers are interested in pursuing export opportunities to neighboring Asian countries, Japanese cherries are not easily marketable overseas due to their high production and shipping costs.

Consumption

The most common Japanese and U.S. cultivars differ in skin and flesh color, though not in flavor. Japanese cherries are often preferred for gift-giving, whereas U.S. cherries are preferred for daily household consumption due to their consistent quality and lower price. Although Japanese and U.S. cherries are well regarded in the Japanese fruit market, both face the continuing challenges of stagnant fruit consumption and a declining population. In 2014/15, Post estimates that per capita consumption of cherries will remain within the historical range, between 200 to 240 grams annually.

Since Japanese cherries tend to be significantly more expensive than U.S. cherries, the two generally do not compete with each other. The average wholesale price of Japanese cherries is generally around 1,800 yen/kg, whereas U.S. cherries typically around 1,000 yen/kg (Table 6). However, for the 2014/15 season, Post expects wholesale for U.S. and Japanese prices to converge due to a significant decline in California cherry production and higher than average yields in Japanese orchards. As a result, U.S. cherries face tougher competition from Japanese cherries as well as other summer fruit this year.

Marketing

One of the challenges that U.S. cherries face is that Japanese consumers prefer cherries based on the degree of stem browning as an indication of freshness; Japanese cherries tend to have green stems, whereas imported cherries can have green-brown stems due to longer transit times. Despite the consistent high quality of U.S. cherries, fumigation and longer transit times can significantly shorten the shelf-life of imported cherries. In contrast, following improvements in domestic refrigeration and transportation systems, Japanese cherry quality continues to improve.

Table 6: Monthly U.S. and Japanese Cherry Wholesale Price in yen/kg

Month	2011		2012		2013	
	U.S.A.	Japanese	U.S.A.	Japanese	U.S.A.	Japanese
4	1,637	6,763	1,703	6,836	2,380	6,449
5	1,107	4,417	1,262	4,512	1,169	3,742
6	1,083	1,512	886	1,689	1,185	1,974
7	972	1,041	775	1,565	1,237	1,365
8	919	1,368	711	1,252	1,152	1,133

Source: MAFF

Policy

Due to the presence of codling moth in the United States, U.S. fresh cherries can be imported into Japan under either of two protocols. One protocol requires all U.S. cherry varieties to be fumigated with methyl-bromide before entering Japan. Starting in 2009/10, a second protocol, commonly known as the “systems approach,” allowed imports of U.S. cherries without methyl-bromide fumigation, provided that certain monitoring conditions are met. The second procedure is only permitted for imports from the states of California, Idaho, Oregon, and Washington. In 2013/14, around 14 percent of California cherries and 43 percent of Pacific Northwest cherries (91 percent of Oregon, 36 percent of Washington) entered Japan under the systems approach.

Currently, Japan only allows four countries to use the systems approach for cherry shipments (Table 7). Ministry of Agriculture, Forestry and Fisheries (MAFF) notes that countries prefer the systems approach for environmental purposes, as they seek to phase-out their use of methyl-bromide as a fumigant. The industry also prefers non-fumigated fruit for its longer shelf-life, and the quantity of cherries shipped under the systems approach has been slowly increasing. For more information on the implementation of the systems approach in the United States, see 2013 Stone Fruit Annual Report ([JA3035](#)).

Import duty of fresh cherry (Tariff code: HS 0809.29) is 8.5 percent as of 2014.

Table 7: Protocol Use by Countries Exporting to Japan

Country	Methyl-bromide Fumigation	Systems Approach
U.S.A.	yes	yes
Canada	yes	no
New Zealand	no	yes
Australia (Tasmania)	yes	yes
Chile	yes	yes

Fresh Peaches/Nectarines

Production

Japan's peach production has been steadily declining over the last decade due to a reduction in acreage caused by the decreasing number of farmers, with harvested area shrinking to 9,890 hectares (Table 8) in 2013/14. Additionally, bad weather resulted in decreased yields in 2013/14, with freezing temperatures damaging the flower bloom. However, the 2014/15 season has brought good weather and this, combined with a successful pollination, has helped increase peach production, which Post forecasts at approximately 137,000 mt, a 10 percent increase over last year.

Table 8: Japan's Peach Production*

Year	Area Planted (ha)	Area Harvested (ha)	Production (mt)	Yield (mt/ha)	Price (yen/kg)
2004	11,300	10,300	151,900	14.75	467
2005	11,300	10,300	174,000	16.89	378
2006	11,200	10,300	146,300	14.20	476
2007	11,200	10,200	150,200	14.73	445
2008	11,100	10,100	157,300	15.57	414
2009	11,000	10,100	150,700	14.92	406
2010	10,900	10,000	136,700	13.67	478
2011	10,800	9,989	139,800	14.00	416
2012	10,700	9,950	135,200	13.59	454
2013	10,700	9,890	124,700	12.61	480

Source: MAFF

*Note: Price shown is average wholesale price between June and August. 2013 data is preliminary.

Table 9: Major Peach Producing Areas in Japan (2013)

Prefecture	Area Harvested (ha)	Proportion (%)	Production (mt)	Proportion (%)
Total	9,890	100.0	124,700	100.0
Yamanashi	3,260	33.0	39,100	31.4
Fukushima	1,540	15.6	29,300	23.5
Nagano	1,080	10.9	15,400	12.3
Wakayama	773	7.8	9,590	7.7
Yamagata	594	6.0	8,080	6.5
Okayama	638	6.5	6,330	5.1
Other	2,005	20.3	16,900	13.6

Source: MAFF

Trade

Imports:

No imports of fresh peaches and nectarines were recorded in 2013/14, as imports from practically all producing countries in the world are banned for phytosanitary reasons, except for nectarines from the United States and New Zealand (albeit with fumigation requirements). U.S. nectarines are subject to methyl-bromide fumigation before entering Japan due to the presence of codling moth in the United States. Current fumigation requirements add cost and deteriorate the quality of the delicate fruit. As a result, Japan has not imported U.S. nectarines since 2005/06.

Exports:

In 2013/14, Japan's exports of fresh peaches nearly recovered to pre-2011/12 levels when the Great East Japan Earthquake dealt a significant blow to Japanese peach production (Table 10). Yamanashi prefecture accounts for nearly half of all of Japan's total peach exports and has been increasing its share since 2011/12. Based on strong production and the continuing recovery from the Great East Japan Earthquake, in 2014/15 Post forecasts an increase in Japan's exports of peaches of up to 10 percent over last year. The majority of Japanese peach exports are destined for Hong Kong and Taiwan, where they account for less than one percent of total imports. Japanese peaches are mainly purchased as gifts by high-income consumers. Although sources indicate that MAFF is interested in promoting more exports of Japanese peaches, efforts are still mostly at the prefectural level. Further, overseas plant quarantine requirements remain an impediment to Japanese peach export expansion.

International buyers' concerns over radioactive contamination caused a significant drop in Japan's exports of fresh peaches from Fukushima, the country's second largest peach producing region (Table 9) and home to the Fukushima Daiichi nuclear power plant, which was badly damaged in the Great East Japan Earthquake. Under the oversight of the Ministry of Health, Labor and Welfare (MHLW), Fukushima prefecture has been conducting rigorous radiation monitoring of agricultural products, including peaches. Although there have been no findings of contamination in peaches above the Japanese regulatory threshold, Japan's trading partners are still restricting imports from Fukushima.

Table 10: Japan's Export Markets for Peaches

Country/Year	Quantity (mt)				
	2009	2010	2011	2012	2013
World	514	494	280	439	578
Hong Kong	204	229	156	242	339
Taiwan	306	261	122	191	231
Other	4	5	3	6	8

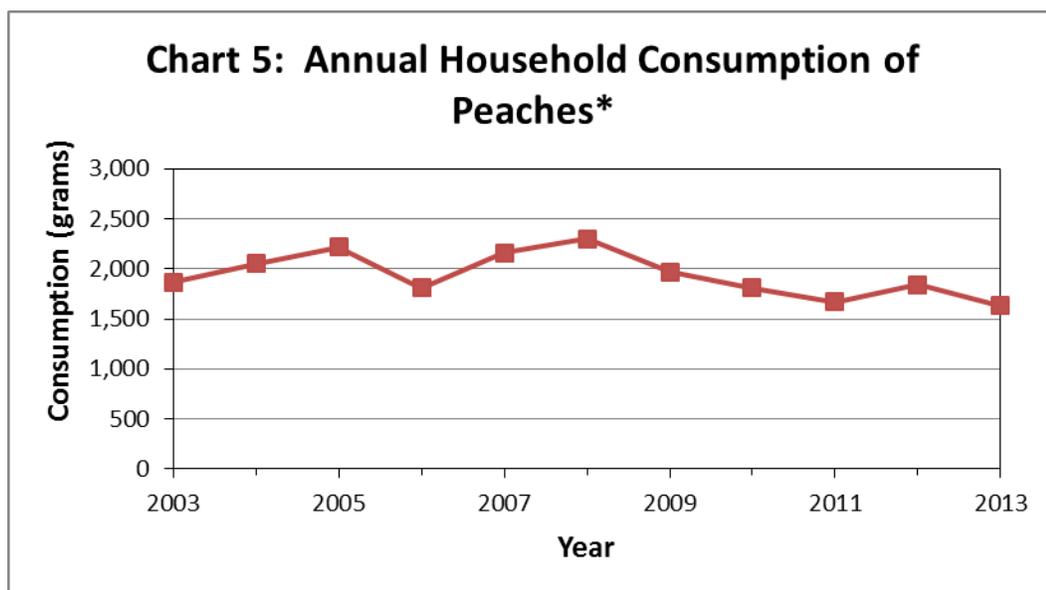
Source: Ministry of Finance

Consumption

For the 2014/15 season, Post estimates that domestic consumption of peaches should rebound as production levels recover, limiting upward price pressure. However, along with Japan’s overall fruit consumption, peach consumption also continues to suffer from stagnant demand (Chart 5).

Marketing

The prefectures and the National Federation of Agricultural Cooperatives (JA) are very active in promoting domestic consumption. In addition to JA marketing channels, farmers sell fruit through “pick-your own” sales, central and farmer’s markets, and direct to consumer sales.



Source: Family Income and Expenditure Survey, Ministry of Internal Affairs and Communications.

*Note: “Household” consists of two or more person in one household.

Policy

For plant protection reasons, imports of fresh peaches and nectarines are banned from practically all producing countries in the world, except for nectarines from the United States and New Zealand with fumigation requirements. All varieties of U.S. and New Zealand nectarines are required to be fumigated with methyl-bromide before entering Japan.

Import duty of fresh peach and nectarine (Tariff code: HS 0809.30) is 6.0 percent as of 2014.

PS&D Tables

Fresh Cherries,(Sweet&Sour) Japan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,820	4,840		4,840		4,840
Area Harvested	4,410	4,440		4,460		4,460
Bearing Trees	0	0		0		0
Non-Bearing Trees	0	0		0		0
Total Trees	0	0		0		0
Commercial Production	18,000	15,900		16,100		17,345
Non-Comm. Production	2,000	1,900		2,000		2,155
Production	20,000	17,800		18,100		19,500
Imports	10,000	10,415		7,300		6,500
Total Supply	30,000	28,215		25,400		26,000
Fresh Dom. Consumption	28,200	26,465		23,790		24,265
Exports	0	0		0		0
For Processing	1,800	1,750		1,610		1,735
Withdrawal From Market	0	0		0		0
Total Distribution	30,000	28,215		25,400		26,000

HA, 1000 TREES, MT

Fresh Peaches & Nectarines Japan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	10,700	10,700		10,700		10,700
Area Harvested	9,950	9,950		9,890		9,890
Bearing Trees	0	0		0		0
Non-Bearing Trees	0	0		0		0
Total Trees	0	0		0		0
Commercial Production	127,000	123,700		114,100		125,354
Non-Comm. Production	11,000	11,500		10,600		11,646
Production	138,000	135,200		124,700		137,000
Imports	0	0		0		0
Total Supply	138,000	135,200		124,700		137,000
Fresh Dom. Consumption	120,000	117,060		109,120		119,930
Exports	300	440		580		630
For Processing	17,700	17,700		15,000		16,440
Withdrawal From Market	0	0		0		0
Total Distribution	138,000	135,200		124,700		137,000

HA, 1000 TREES, MT

